PROVINCE OF SASKATCHEWAN

10-11

ANNUAL REPORT

MINISTRY OF JUSTICE AND ATTORNEY GENERAL

Saskatchewan Financial Services Commission

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This annual report is also available in electronic format from the Ministry's website at **www.justice.gov.sk.ca.**

This annual report is also available in electronic format from the Saskatchewan Financial Service Commission's website at **www.sfsc.gov.sk.ca.**

Letters of Transmittal

His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor, Province of Saskatchewan

May it Please Your Honour:

As the Minister reponsible for the Saskatchewan Financial Services Commission, I respectfully submit the Annual Report for the period ending March 31, 2011.

D R Morgan

Don Morgan, Q.C.
Minister of Justice and Attorney General

The Honourable Don Morgan, Q.C.
Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting for your consideration the Annual Report of the Saskatchewan Financial Services Commission for the period ending March 31, 2011.

Dave Wild

Dave Wild
Chairperson

Commissioners

Dave Wild

Chairperson

Mr. Wild was appointed the first Chair of the Financial Services Commission with its creation in 2003. Dave had been appointed Chair of the Saskatchewan Securities Commission in 2001. The duties of the Securities Commission have been assigned to the Financial Services Commission. He also currently serves as the Superintendent of Pensions. Having been first appointed in 1992, Dave is the longest serving pension regulator in Canada. He is the past Chair of the Joint Forum of Financial Market Regulators and the Canadian Association of Pension Supervisory Authorities.

Paul Robinson

Vice-Chairperson

Mr. Robinson is currently a consultant and Adjunct Professor of Finance at the University of Regina. His career includes several senior positions in provincial and municipal governments. Mr. Robinson also worked as a financial planner with a national investment firm. He has an MBA from McMaster University, is a Certified Management Accountant (CMA), a Certified Financial Planner (CFP) and a Chartered Financial Analyst (CFA).

Peter Carton

Commissioner

Mr. Carton recently retired from a career spanning 30 years with the Royal Bank of Canada. He has background in all areas of retail banking. Most recently, he was the Regional Vice President for Commercial Banking covering Saskatchewan, Manitoba and NW Ontario. Mr. Carton holds an MBA from Dalhousie University.

Gordon Hamilton

Commissioner

Mr. Hamilton is a lawyer in private practice with the Saskatchewan firm, McDougall Gauley LLP. He has extensive experience in labour relations and administrative law, having served as Vice Chairperson of the Canada Industrial Relations Board. Mr. Hamilton also has a background in co-operatives and Saskatchewan credit unions. He held senior positions at Affinity Credit Union, the Saskatchewan Wheat Pool (now Viterra), and Federated Co-operatives Limited.

Mary Ann McFadyen

Commissioner

Ms. McFadyen was associated with the Saskatchewan Chamber of Commerce for over 30 years. She was the executive Director and CEO of the Chamber for more than two decades. In recognition of her contribution to Canadian business she received the Canada 125 Award and was named one of the 10 most influential women in Saskatchewan by Saskatchewan Business Magazine.

Brian Molberg

Commissioner

Mr. Molberg currently is Vice-President of Corporate Services of LutherCare Communities, a leading provider of health services, seniors housing and community services in Saskatchewan. Mr. Molberg also was President of Nalco Leasing Inc., a Saskatchewan-based agricultural and office equipment leasing company. He is a Fellow Chartered Accountant.

What We Do

The Saskatchewan Financial Services Commission (SFSC) regulates Saskatchewan's financial services industry, including the credit union system, insurance, pensions, securities, trust and loans, loan brokers, mortgage brokers and payday loans. Regulatory responsibilities include:

- providing input into developing provincial legislation, regulations, policies and standards (the rules);
- interpreting and applying the rules; and
- taking appropriate action to protect the rights and interests of consumers of financial services when the rules are broken.

Effective October 1, 2011 SFSC will be expanding its regulatory responsibilities by welcoming the Consumer Protection Branch of the Ministry of Justice as a division of SFSC. With the addition of the Consumer Protection Division, SFSC's vision of cultivating an environment in which all Saskatchewan consumers and businesses have confidence in, and enjoy the benefits of, a vibrant marketplace will come one step closer to becoming a reality.

Similar to those of other financial services regulators, the ongoing operations of the SFSC encompass the following broad range of regulatory functions.

Licensing and Registration

Financial institutions, pension plans and financial intermediaries require approval to conduct business. The SFSC requires applicants to provide enough information to assess whether the applicant is suitable to conduct business in the chosen field.

Audit and Compliance

On an ongoing basis, the SFSC monitors those regulated to verify that they are capable of meeting their obligations to consumers and are conducting themselves in compliance with the rules.

Market Conduct and Complaint Handling

The SFSC enforces rules that promote fair conduct by market participants and full, plain and true disclosure of products and services to consumers. The SFSC ensures that there are effective processes in place to receive and investigate complaints from consumers. Complaints are reviewed and appropriate information is collected to determine whether there are violations of rules.

Enforcement

The SFSC exercises its influence and its legislative powers to hold to account those who have violated the rules. Enforcement may be initiated based on information from complainants, information obtained from audit and compliance activities, or from other sources.

The SFSC's regulatory functions include both prudential and market conduct regulation. Prudential regulation addresses the financial soundness of those regulated. Market conduct regulation refers to supervising compliance related to consumer protection provisions including disclosure, confidentiality, fair practices and prohibited methods of doing business.

In fulfilling its mandate, the SFSC relies upon the following self-regulatory organizations (SROs):

- Credit Union Deposit Guarantee Corporation
- General Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Life Insurance Council of Saskatchewan
- Investment Industry Regulatory Organization of Canada
- Mutual Fund Dealers Association of Canada

A number of federal and provincial initiatives are focused on coordinating and harmonizing financial services regulation. The SFSC works with regulators from other jurisdictions through the Joint Forum of Financial Market Regulators (Joint Forum), the Canadian Association of Pension Supervisory Authorities (CAPSA), the Canadian Council of Insurance Regulators (CCIR), and the Canadian Securities Administrators (CSA).

Who We Are

The SFSC is led by a seven-person Commission established under *The Saskatchewan Financial Services Commission Act*. Section 9 of the Act provides the Commission with a mandate to:

- coordinate financial services regulators;
- provide for the development of policies to protect the interests of consumers of financial services;
- provide for the development of policies to regulate financial services and any persons who, or associations or groups of persons that, provide financial services; and
- perform any responsibilities of a financial services regulator pursuant to any financial services legislation that are assigned to the Commission by the Regulations under the Act.

Vision

SFSC's vision is to cultivate an environment in which everyone in Saskatchewan has confidence in and can enjoy the benefits from a vibrant financial marketplace.

Mission

The SFSC strengthens Saskatchewan's financial marketplace and protects consumers by regulating providers of financial products and services in an effective, efficient and balanced manner.

Regulatory Principles

The SFSC is committed to these principles:

Competency

Other regulators and stakeholders rely on the SFSC because it has staff with the skills, knowledge and attitude required to deliver its commitments.

Consultation

The SFSC consults those who may be affected by a proposed regulatory change.

Transparency

The SFSC seeks to develop understandable rules that are complete and easy to access, and, when appropriate, to provide explanations and communicate its decisions.

Proportionate Regulation

When developing and applying rules, the SFSC considers the cost of compliance and the intended results. Regulatory actions are proportionate to the risk posed and contribute to sound business practices within the financial services sector.

Flexibility and Discretion

Recognizing that there are many possible regulatory solutions, the SFSC exercises its discretion to achieve the most practical and affordable solutions that achieve the intended objective without compromising consumer protection.

Co-operation

The SFSC works with regulators in other jurisdictions and self-regulatory organizations to achieve regulatory efficiency and effectiveness.

Harmonization

The SFSC seeks to harmonize rules and systems across sectors and jurisdictions to the greatest extent possible. The SFSC will make exceptions when justified by the unique situation in Saskatchewan.

Accountability

The SFSC holds those being regulated responsible and accountable for complying with the rules. The SFSC is accountable to the Government and to the public for applying the spirit and substance of the regulatory regime.

Accessibility

The SFSC is approachable by consumers and those it regulates.

The SFSC is committed to fulfilling its regulatory responsibilities. However, the SFSC recognizes that not every problem requires a regulatory solution. Therefore, the SFSC is also committed to providing strategic solutions. The SFSC considers a wide range of alternative actions such as supplying expertise and advice, acting as a mediator and providing forums for industry dialogue.

Values

The actions of the SFSC's personnel are guided by the following commitments:

Openness

We share information and listen openly. We encourage understanding of and involvement in decision making.

Respect

We treat everyone fairly and with dignity, respect and compassion.

Professionalism

We exhibit a positive, courteous, conscientious, and businesslike manner in the workplace. We take personal responsibility for achieving the goals of the SFSC.

Fairness

We are impartial and unbiased in our decision making.

Decisiveness

We make clear, timely and responsible decisions.

Creativity

We encourage innovation and continuous improvement of our business processes and service provision.

Initiative

We empower our staff and encourage them to question the status quo.

Service

We provide quality and timely service by listening to, understanding and addressing the needs of our customers, clients and employees. We provide our people with the training and tools they need to do their jobs.

Work/life balance

We recognize and accommodate our employees' needs to balance their responsibilities and interests outside of work with meeting the increasing demands of the workplace.

Collaboration

We work together internally and with those we regulate to deliver the best possible solution.

Strategic Goals

SFSC's four strategic goals are briefly described as follows:

A fair and effective financial regulatory system for Saskatchewan

The SFSC ensures that appropriate rules are in place to regulate the financial services sector. The SFSC is giving attention to requirements for new categories of entrants, to new products and to the changing conditions in existing market segments. By increasing harmonization with other Canadian jurisdictions, updating Saskatchewan's legislation and related rules, and working effectively with the self-regulatory organizations (SROs), the SFSC will maintain and enhance the quality of its regulation.

Confidence in the SFSC and the Saskatchewan financial marketplace

The financial services industry depends on public and industry confidence. The SFSC recognizes that while most financial services providers follow the rules, the actions of those few who breach the rules can have a significant negative impact on confidence levels. The SFSC is increasing its emphasis on timely compliance and enforcement actions to deter wrong-doing, detect incidences of wrong-doing and reduce the harmful impact on consumers. At the same time, the SFSC will take steps to increase availability of tools and information that will help consumers protect themselves and make better decisions about their financial transactions.

Regulatory consistency between sectors and for like products and services

The SFSC is building increased cross-sectoral understanding and co-operation through participation in national initiatives and through the SFSC's integrated organizational structure and governance. The SFSC will work with the SROs to look for opportunities for enhanced consistency.

Effective results with limited resources

As a Government agency, the SFSC is accountable to the public for the resources it uses. The SFSC is committed to continuous improvement of its operational efficiency.

Progress in 2010-11

Financial Institutions Division

The Financial Institutions Division (FID) regulates and supervises Saskatchewan trust, loan and finance companies, insurance companies, loan and mortgage brokers and the credit union system. The FID protects the public interest and enhances public confidence by encouraging sound and ethical business practices for insurers and financial institutions duly authorized to operate in Saskatchewan. The FID also oversees regulatory agencies that have been delegated authority.

2010-11 Key Commitments

- Respond to consumer enquiries and complaints.
- Protect consumers by licensing, auditing and examining regulated financial services businesses.
- Oversee, monitor and support the operation of existing industry regulatory bodies.
- Continue to participate with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Finalize the mortgage broker regulations.
- Implement *The Mortgage Brokerages* and *The Mortgage Administrators Act.* (The initiative to implement this Act was deferred from 2008-09 to 2010-11.)
- Continue to participate in the CCIR and the Joint Forum, particularly with respect to:
  - relationships between insurers and sales intermediaries;
  - intermediary licensing; and
  - implementing point-of-sale disclosure documents for mutual funds and individual variable insurance contracts.
- Continue holding ongoing meetings with the hail insurance industry regarding claims adjustment, complaint handling processes and the appointment of appraisers and umpires.
- Review the Order of the Superintendent of Insurance, which delegates certain functions to the General, Life, and Hail Insurance Councils. (The initiative to review the Order was deferred from 2008-09 and 2009-10 to 2010-11)
- Continue to participate in the implementation of a national complaint reporting system for insurance.
- Implement the regulation of incidentally sold insurance.
- Continue to monitor the progress of litigation in Canada and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Finalize the payday loan regulations.
- Implement *The Payday Loans Act.*
- Continue to monitor provincial entitites' transitional and implementation processes for adoption of International Financial Reporting Standards.
- Continue to participate in discussions with respect to the formation of a Prairie Central for credit unions in Saskatchewan, Alberta and Manitoba.
- Identify changes necessary for requiring Saskatchewan deposit taking institutions to meet Basel II international capital standards. (The initiative to identify the necessary changes has been deferred from 2008-09 and 2009-10 to 2010-11.)
- Conclude discussions with Office of the Superintendent of Financial Institutions Canada (OSFI) and provincial insurance regulators regarding the implications of changes to Part XIII of the *Insurance Companies Act* (Canada) and impose licence conditions on insurance companies to require vesting of assets in Canada.
- Participate in developing recommendations for amendments to *The Credit Union Act, 1998.*
- Continue to participate in inter-provincial discussions regarding including financial services occupations in the Agreement on Internal Trade (AIT).
- Participate in inter-provincial discussions regarding the implementation of the New West Partnership with respect to financial services.

2010-11 Results

- Responded to consumer enquiries and complaints.
- Protected consumers by licensing, auditing and examining regulated financial services businesses.
- Oversaw, monitored and supported the operation of existing industry regulatory bodies.
- Reviewed and approved bylaws from the Saskatchewan Insurance Councils and the Saskatchewan Real Estate Commission.
- Continued to participate with businesses, other provincial and federal regulators and SROs in legislative harmonization initiatives.
- Finalized the mortgage broker regulations.
- Implemented *The Mortgage Brokerages and Mortgage Administrators Act* and Regulations.
- Continued to participate in the CCIR and the Joint Forum, particularly with respect to:
  - relationships between insurers and sales intermediaries;
  - intermediary licensing;
  - risk-based market conduct; and
  - developing a new approach to point-of-sale disclosure documents for mutual funds and individual variable insurance contracts.
- Continued to hold ongoing meetings with the hail insurance industry regarding claims adjustment, complaint handling processes and appointment of appraisers and umpires.
- Reviewed the Order of the Superintendent of Insurance, which delegates certain functions to the General, Life and Hail Insurance Councils.
- Continued to participate in the implementation of a national complaint reporting system for insurance.
- Implemented amendments to *The Saskatchewan Insurance Regulations, 2003* providing for a restricted insurance agent licence for incidental selling of insurance.
- Continued to monitor the progress of litigation in Canada and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Continued to participate in the development of payday loan regulations.
- The implementation of *The Payday Loans Act* has been deferred until the Government of Canada issues an authorization to Saskatchewan pursuant to the *Criminal Code* (Canada).
- Continued to monitor provincial entities' transition and implementation processes for adoption of International Financial Reporting Standards.
- Continued to participate in discussions with respect to the formation of a Prairie Central for credit unions in Saskatchewan, Alberta and Manitoba.
- Identified and communicated changes necessary for requiring Saskatchewan deposit taking institutions to meet Basel II international capital standards.
- Concluded discussions with OSFI and provincial insurance regulators regarding the implications of changes to Part XIII of the *Insurance Companies Act* (Canada).
- Participated in developing recommendations for amendments to *The Credit Union Act, 1998*.
- Participated in inter-provincial discussions regarding the inclusion of financial services occupations in the *Agreement on Internal Trade*.
- Participated in inter-provincial discussions regarding the New West Partnership Trade Agreement.

2011-12 Plans

- Respond to consumer enquiries and complaints.
- Protect consumers by licensing, auditing and examining regulated financial services businesses.
- Oversee, monitor and support the operation of existing industry regulatory bodies.

- Continue to participate with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Review and approve education courses for mortgage brokers and associates.
- Continue to participate in the CCIR and the Joint Forum, particularly with respect to:
  - credit scoring;
  - relationships between insurers and sales intermediaries;
  - intermediary licensing;
  - electronic commerce; and
  - information sharing on disciplinary actions.
- Continue holding ongoing meetings with the hail insurance industry regarding claims adjustment, complaint handling processes and the appointment of appraisers and umpires.
- Review the Order of the Superintendent of Insurance, which delegates certain functions to the General, Life and Hail Insurance Councils. (The initiative to review the Order has been deferred from 2008-09 and 2009-10 to 2011-12.)
- Participate in the national complaint reporting system for insurance.
- Continue to monitor the progress of litigation in Canada and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Implement *The Payday Loans Act.*
- Continue to monitor provincial entities' transition and implementation processes for adoption of International Financial Reporting Standards.
- Participate in discussions with respect to Credit Union Central Saskatchewan's becoming an association under the *Co-operative Credit Association Act* (Canada) Central for credit unions in Saskatchewan.
- Continue to participate in developing recommendations for amendments to *The Credit Union Act, 1998.*
- Review the Memorandum of Agreement between the Registrar of Credit Unions, Credit Union Central of Saskatchewan and Credit Union Deposit Guarantee Corporation regarding roles and responsibilities.

Financial Institutions Division Statistics to March 31, 2011

Item	2010-11	2009-10	2008-09	2007-08
Licences in force:				
• *The Saskatchewan Insurance Act* (companies)	253	253	259	264
• *The Trust and Loan Corporations Act, 1997*				
- Financing Companies	87	87	85	91
- Trust Companies	43	43	42	44
- Loan companies	8	8	8	8
- Loan Brokers	6	6	6	6
• *The Mortgage Brokers Act (brokers)*	n/a	270	224	170
• *The Mortgage Brokerages and Mortgage Administrators Act*	277	n/a	n/a	n/a
Credit Unions (as at December 31)	64	65	66	75
Primary Regulator (# licensees)	404	384	337	289
Responded to Enquiries	2,175	2,079	2,365	2,147
Opened files with respect to complaints and enquiries	372	284	302	211
Audits, inspections or reviews	26	21	24	24

- Conduct an annual audit of the functions assigned by the Registrar of Credit Unions to the Director of the Corporate Registry.
- Review the process for handling complaints from consumers regarding credit unions.
- Continue to participate in inter-provincial discussions regarding including financial services occupations in the *Agreement on Internal Trade.*
- Continue to participate in inter-provincial discussions regarding the implementation of the New West Partnership with respect to financial services.

Payday Loans Division

The Payday Loans Division regulates payday lenders to protect payday loan borrowers while allowing for a viable payday loan industry in Saskatchewan. The Division protects payday loan borrowers by ensuring borrowers receive full, true and understandable disclosure on which to base their loan decisions, by ensuring that payday lenders comply with prescribed limits with respect to loan amounts and loan fees and charges, and by ensuring payday lenders deal fairly with borrowers during the administration and collection of payday loans.

2010-11 Key Commitments

- Hire and train Division staff.
- Finalize *The Payday Loans Regulations.*
- Develop and test licensing database.
- Develop licence application kit and distribute kit to industry.
- Develop and implement Administrative Records Management System for Division.
- Develop and post Division web page to disseminate information to industry.

2010-11 Results

- Hired and trained Division staff.
- Finalized *The Payday Loans Regulations.*
- Developed and tested licensing database.
- Developed licence application kit and distributed kit to industry.
- Developed and implemented Administrative Records Management System for Division.
- Developed and posted Division web page to disseminate information to industry.

2011-12 Plans

- Protect payday loan borrowers by licensing and inspecting payday lenders carrying on business in Saskatchewan.
- Respond to consumer enquiries and complaints.
- Participate in inter-provincial discussions regarding the implementation of the New West Partnership Trade Agreement with respect to the regulation of payday lenders.
- Develop and post updated and expanded web pages for Division.
- Develop and implement Division audit program.

Payday Loans Division Statistics

There are no statistics available as legislation was not in force.

Pensions Division

The legislation administered by the Pensions Division protects employees' pensions. Standards are established with respect to the structure and administration of pension plans, as well as, to the investment and ongoing funding of plans.

The Pension Benefits Act, 1992 regulates employer-sponsored pension plans with Saskatchewan workers as members. The Act does not apply to certain plans established for employees of the governments of Saskatchewan and Canada, nor does it apply to plans associated with undertakings regulated by the federal government (e.g., plans for employees of companies involved in banking, transportation, broadcasting, grain handling).

The Pensions Division identifies and manages risks and problems to bolster public confidence in the pension system, while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

2010-11 Key Commitments

- Protect pension plan members from undue loss by ensuring that plans are funded in accordance with legislation, plan benefits comply with the legislated minimum standards, and plans are administered in compliance with the legislation and plan documents.
- Review 25 to 30 actuarial valuation reports for non-designated pension plans, 480 annual information returns, 30 new plans, 25 plan terminations and 100 to 150 plan amendments.
- Conduct four on-site Administrative Pension Examinations.
- Develop amendments to *The Pension Benefits Act, 1992* to recognize the new agreement for multi-jurisdictional pension plans.
- Continue with the review of the funding rules under *The Pension Benefits Act, 1992*. Produce a consultation paper to receive feedback on proposed amendments.
- Review the information technology application supporting the activities of the Pensions Division.

- Conduct a review of the fees charged to plans at the time of registration of a new plan, and at the time of filing an Annual Information Return. Make recommendations for amendments to the fees.

- Begin a review of the registration requirements for designated plans, and make recommendations regarding exemptions from the registration requirements.

- Participate in Canadian Association of Pension Supervisory Authorities (CAPSA) projects related to the prudent investment and funding of pension plans and the regulation of defined contribution plans.

- Participate in the National Pension Compliance Officers Association.

2010-11 Results

- Reviewed 43 actuarial valuation reports filed for non-designated pension plans.[1] An actuarial valuation measures the financial position of a defined benefit plan and recommends prospective contribution rates. Defined benefit plan liabilities of $12.26 billion exceeded their assets of $11.93 billion, meaning the system as a whole had a deficit of about $340 million. Of 187 defined benefit plans, 251 had an unfunded liability. Total unfunded liabilities of plans have increased from $402 million to $653 million, while total surplus assets of plans have decreased from $669 million to $314 million. Eight plans accounted for 90 per cent of the $653 million in unfunded liabilities. The Division monitored those plans closely.

- Reviewed 492 annual information returns, 26 new plans, 19 plan terminations and 135 plan amendments.

- Conducted three on-site Administrative Pension Examinations.

- Developed amendments to *The Pension Benefits Act, 1992* to recognize the new agreement for multi-jurisdictional pension plans.

- Completed a review of the funding rules under *The Pension Benefits Act, 1992*, and began development of a consultation document.

- Conducted a review of the fee structure under *The Pension Benefits Act, 1992.* Fees are charged to plans at the time of registration of a new plan, and at the time of filing an Annual Information Return.

- Participated in CAPSA and Joint Forum projects related to the prudent investment and funding of pension plans, the regulation of defined contribution plans.

- Participated in the National Compliance Officers Association.

Pensions Division Statistics to March 31, 2011

Activity	2010-11	2009-10	2008-09	2007-08
Number of plans supervised	494	484	481	471
New plans registered	26	28	27	55
Plan terminations reviewed	19	24	17	13
Annual information returns reviewed	492	477	479	410
Plan amendments registered	135	160	118	143
Actuarial valuations reviewed	43	12	34	40

1 Designated pension plans are plans established for connected persons or senior executives pursuant to section 8515 of the *Income Tax Regulations* (Canada).

2011-12 Plans

- Protect pension plan members from undue loss by that ensuring plans are funded in accordance with legislation, plan benefits comply with the legislated minimum standards, and plans are administered in compliance with the legislation and plan documents.
- Review 20 to 25 actuarial valuation reports for non-designated pension plans, 490 annual information returns, 30 new plans, 25 plan terminations and 100 to 150 plan amendments.
- Conduct five on-site Administrative Pension Examinations.
- Review *The Pension Benefits Act, 1992* to determine areas where pension law can be modernized and harmonized with other jurisdictions.
- Conduct a consultation on the proposed new funding rules under *The Pension Benefits Act, 1992,* and begin development of legislative amendments.
- Conduct a consultation on the proposed new fee structure under *The Pension Benefits Act, 1992,* and develop legislative amendments.
- Develop amendments to *The Pension Benefits Act, 1992* to allow registration of and participation in Pooled Registered Pension Plans.
- Participate in CAPSA projects related to the prudent investment and funding of pension plans and the regulation of defined contribution plans.
- Participate in the National Pension Compliance Officers Association.

Securities Division

The Securities Division protects investors by regulating the sale of securities, without undue restriction, to ensure that:

- Those who sell securities to investors are honest and competent;
- Investors are provided with selling documents that contain truthful, complete and understandable information on which to base their investment decisions;
- Buyers and sellers have equal access to information about companies whose shares trade in secondary markets; and
- Those who take undue advantage of investors are held to account.

2010-11 Key Commitments

- Continue to carry out core functions in: registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Complete compliance reviews with respect to:
  - One branch of four scholarship plan dealers;
  - Two Saskatchewan-based advisers; and
  - National marketing sweep of advisers – review material of Saskatchewan based advisers.
- Work with the CSA Compliance Committee to develop a compliance program for investment fund managers and exempt market dealers.
- Do continuous disclosure review of six Saskatchewan issuers.
- Update risk assessment for the Enforcement Branch.
- Establish and implement a plan to mitigate harms where Enforcement Branch is the primary control.
- Implement policy on communication of enforcement information.

- Implement staff notice on publication of personal information on web site.
- Implement amendments to *The Securities Act, 1988* to:
  - Provide for oversight of Canadian Public Accounting Board;
  - Reflect International Financial Reporting Standards;
  - Implement point of sale model for mutual funds; and
  - Provide for regulation of credit rating agencies.
- Participate in CSA projects:
  - To amend and update current national instruments, including:
    - National Instrument 41-101 *Prospectus Requirements*
    - National Instrument 43-101 *Standards of Disclosure for Mineral Projects*
    - NI 81-106 *Investment Fund Disclosure*
    - NI 31-103 *Registration Requirements and Exemptions*
    - NI 45-106 *Prospectus and Registration Requirements*
  - Finalize NI 25-101 *Designated Rating Organizations;*
  - Finalize NI 46-102 *Scholarship Plan Dealers;*
  - Publish for comment NI 51-105 *Regulating Issuers Quoted on the US OTC Markets;*
  - Modernize regulation of derivatives in Canada;
  - Review exemptions in Canadian securities law;
  - Renew CSA electronic filing systems including System for Electronic Document Analysis and Retrieval (SEDAR) and System for Electronic Disclosure by Insiders (SEDI); and
  - Implement protocols for inter-provincial investigations and enforcement actions.
- Serve on CSA Standing Committees.
- With respect to Canadian Securities Regulator:
  - Review draft Canadian Securities Act and provide comments;
  - Review transition plan and provide comments; and
  - Respond to requests for information

2010-11 Results

- Continued to carry out core functions in: registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Compliance reviews:
  - Carried out compliance reviews of three Saskatchewan-based advisers;
  - Completed audits of five deposit agents;
  - Participated in CSA review of operations of IIROC; and
  - Reviewed marketing materials used by one Saskatchewan adviser.
- Completed full review of continuous disclosure material filed by seven Saskatchewan-based public companies.
- Continued to oversee the IIROC and the Mutual Fund Dealers Association of Canada.
- Deferred creation of a compliance program for Saskatchewan based investment fund managers and exempt market dealers.
- Enhanced the *Enforcement Procedures Manual* by adding information on offence provisions under Saskatchewan securities legislation and processes to investigate allegations of insider trading and market manipulation.
- Began work on:
  - Updating the risk assessment for the Enforcement Branch; and
  - Establishing and implementing a plan to mitigate the key risks to the achievement of the Commission's statutory objectives where the Enforcement Branch is the primary control.

- Implemented Saskatchewan Local Policy 11-601 *Disclosure of information about enforcement matters under The Securities Act, 1988.*
- Deferred implementation of amendments to *The Securities Act, 1988.*
- Contributed to the development of national securities laws by participating in various CSA projects.
- Participated on various CSA Standing Committees that coordinate securities regulation in Canada.
- Reviewed and provided comments on draft Canadian Securities Act.
- Responded to requests for information from the Canadian Securities Transition Office.

2011-12 Plans

- Continue to carry out core functions in: registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Perform compliance reviews:
  - Branch review of two scholarship plan dealers;
  - Compliance review of three Saskatchewan-based advisers;
  - Audit five deposit agents; and
  - Review marketing material used by one Saskatchewan-based adviser.
- Review continuous disclosure material of mining issuers with respect to:
  - two issuers listed on TSX or TSX Venture exchanges; and
  - five non-listed issuers.
- Work through the CSA on the following policy projects:
  - Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers;*
  - Project to update and harmonize regulation of derivatives in Canada including identifying required amendments to Saskatchewan securities legislation; and
  - Proposed changes to minimum amount investment prospectus exemption and the accredited investor prospectus exemption in National Instrument 45-106 P*rospectus and Registration Exemptions* (NI 45-106), including focused consultation with Saskatchewan entities
- Exemptions include:
  - Develop a system to monitor the use of the Northwest Exempt Market Dealer Registration Exemption in General Order 45-918;
  - Review and recommend revisions to system for monitoring use of exemptions in National Instrument 45-106; and
  - Recommend system for recording and reporting data in reports filed under NI 45-106.
- Legal includes:
  - Research and provide advice on the application of Saskatchewan securities law to the Saskatchewan Pension Plan.
- Enforcement includes:
  - Update the risk assessment for the Enforcement branch; and
  - Make recommendations to the Commission on:
    - Key outcomes the Commission expect from the Securities Division's enforcement work
    - Performance measures for these outcomes
    - Targets for these performance measures; and
- Address related issues and tasks that come out these initiatives.

Securities Division Statistics to March 31, 2011

Activity	2010-11	2009-10	2008-09	2007-08	2006-07
Companies registered to sell securities at year end	449	392	345	348	358
Individuals registered to sell securities at year end	11,592	10,181	10,112	9,668	9,472
Reviewed and issued receipts for selling documents of Saskatchewan issuers	8	6	6	15	7
Received selling documents of non-Saskatchewan issuers reviewed in other jurisdictions[2]	910	866	748	911	870
Received continuous disclosure documents for issuers:					
• Annual financial statements	4,538	4,348	4,320	4,276	5,087
• Interim financial statements	7,181	7,018	7,124	7,080	6,837
• Proxy/information circulars	3,626	4,382	3,610	4,127	3,516
• Material change reports	4,037	4,103	3,725	4,156	4,322
• Annual information forms	1,342	1,268	1,357	1,165	1,448
• Management Discussion and Analysis: - Annual - Interim	 1,450 4,139	 1,388 3,989	 1,371 4,065	 1,412 4,123	 1,422 4,040
• Annual management report of fund performance	3,060	2,962	3,013	2,822	3,692
• Certification of annual filings	1,558	1,471	1,446	1,494	1,455
• Certification of interim filings	4,124	4,001	4,092	4,127	4,026
Deal with applications for exemption:[3]					
• Applications granted	110	205	202	535	599
• Applications withdrawn	13	31	129	133	141
• Applications denied	0	0	1	1	0
Investigate complaints and take enforcement action:					
• Files opened	100	146	148	158	143
• Files closed	92	155	173	139	144
• Obtained agreements and undertaking	4	12	1	2	4
• Conducted examinations under oath	9	37	9	1	0
• Held hearings	3	1	0	0	1
• Issued investigation orders	14	19	2	6	2
• Issued temporary cease trade orders	4	8	5	11	6
• Issued extending/permanent cease trade orders	3	9	5	11	6
• Issued orders removing exemptions	0	1	0	0	0

2 Under Multilateral Instrument 11-102 *Passport System* the principal regulator issues the prospectus receipt on behalf of the reliant non-principal regulators.

3 Shows effect of Passport System for exemptions where the principal regulator issues a decision document on behalf of the reliant non-principal regulators.

Performance Measures

In addition to tracking our core activities and progress toward achieving strategic action items, the SFSC uses performance measures developed within a balanced scorecard framework to assess our strategic success.

Balanced Scorecard Framework

Stakeholder	Operational / Internal
1. Client (those regulated) confidence in the SFSC and the financial marketplace	2. Number of regulated entities reviewed each year 3. Oversight of SROs (to be developed) 4. Initial response to complaints or enquiries made to Enforcement Branch within five days 5. Client service standards
People	**Financial**
6. Human resource management effectiveness 7. Participation in learning and development	8. Variance from budget

Client Service Standards

Financial Institutions Division:

- Review an application and issue the licence or registration, or an initial comment letter within 30 business days, where the SFSC is the primary regulator, or within 15 business days, where the SFSC is not the primary regulator.

Payday Loans Division:

- Review a licence application and issue the licence or provide initial comments within 30 business days.

Pensions Division:

- Review actuarial valuations of non-designated pension plans within 45 calendar days.
- Review annual information returns within 25 calendar days.

Securities Division:

- Approve or respond to applications for registration where SFSC is the principal regulator within 10 days on average.
- Provide initial comments within 10 business days of the date of the preliminary receipt issued for a long-form prospectus and within three business days of the date of the preliminary receipt issued for a short-form prospectus, where SFSC is the principal regulator.
- Acknowledge complaints to Enforcement Branch within two business days.

The table below reports on our success in achieving our performance objectives in 2010-11.

The measures (indicated by number only), and the client service standards reported on, are provided on page 19.

Performance in 2010-11

Measure	Data	Why Chosen	Target	Performance
#1	Client survey	Clients are stakeholders whose views regarding the effectiveness of regulation are important	>3.0 on a 5-point scale, indicating "Somewhat to Very Confident" rating	Average response of 3.1 in 2008 survey
#2	Number of entities directly regulated by SFSC Target number of entities to be reviewed (based on risk and other criteria)	If a reasonable number of entities are reviewed, it serves as both an education and a deterrence to all regulated	100% of target	Financial Institutions (FI) 100% Payday Loans - legislation not in force Pensions 100% Securities 79%
#3	n/a	n/a	n/a	n/a
#4	Number of complaint files received by Enforcement Branch, time to make initial decision	Timely decision making indicates SFSC takes complaints seriously and contributes to timely enforcement action	100% of target	100%
#5	See client service standards - page 19	Timely response is an indicator that SFSC is providing good service to those regulated	100% of target	FI - licensing 99% Payday Loans - legislation not in force Pensions: • annual information returns 99% • valuations 100% Securities • prospectus 83% • registrations 95%
#6	Employee survey	Human capital is SFSC's most valuable resource	90% or more of staff believe the SFSC is an average or above average place to work	2005 survey - 89%
#7	HR database	SFSC is committed to creating a learning environment for its employees	80% of employees	69% of employees participated in a learning event
#8	MIDAS	Managing within authorized amounts is an indicator of efficiency	Be within 10% of budget	7% under budget in 2010-11

Legislation

General

- *The Saskatchewan Financial Services Commission Act*
- *The Saskatchewan Financial Services Commission Assignment Regulations*

Financial Institutions

- *The Cost of Credit Disclosure Act, 2002*
- *The Credit Union Act, 1998*
- *The Credit Union Regulations, 1999*
- *The Credit Union Insurance Business Regulations*
- *The Credit Union Act, 1985*
- *The Credit Union Regulations*
- *The Mortgage Brokers Act*
- *The Mortgage Brokers Regulations*
- *The Real Estate Act*
- *The Real Estate Regulations*
- *The Saskatchewan Insurance Act*
- *The Saskatchewan Insurance Councils Regulations*
- *The Saskatchewan Insurance Compensation Plan Regulations, 1990*
- *The Saskatchewan Insurance Regulations, 2003*
- *The Trust and Loan Corporations Act, 1997*
- *The Trust and Loan Corporations Regulations, 1999*

Payday Loans

- *The Payday Loans Act*

Pensions

- *The Pensions Benefits Act, 1992*
- *The Pension Benefits Regulations, 1993*

Securities

- *The Securities Act, 1988*
- *The Securities Regulations*
- *The Securities Commission (Regulation Procedures) Regulations*
- *The Securities Commission (Disclosure of Personal Information) Regulations*
- *The Securities Commission (Adoption of National Instruments) Regulations*
- *The Securities Commission (Local Instruments) Regulations*

For More Information

This report provides information about our accomplishments and our future plans. If you have any questions or comments, or would like additional copies of the report, we invite you to call (306) 787-5645.

Or contact:

Saskatchewan Financial Services Commission
Suite 601 - 1919 Saskatchewan Drive
REGINA SK S4P 4H2

Or visit our website: **www.sfsc.gov.sk.ca**

Management's Responsibility for the Financial Statements

Saskatchewan Financial Services Commission Fund
Report of Management for the year ended March 31, 2011

The accompanying financial statements are the responsibility of the management of the Saskatchewan Financial Services Commission. They have been prepared in accordance with Canadian generally accepted accounting principles for the public sector, using management's best estimates and judgments where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The members of the Commission are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The financial statements and annual report have been reviewed and approved by the Commission.

The Office of the Provincial Auditor has audited the Saskatchewan Financial Services Commission's financial statements in accordance with Canadian generally accepted auditing standards and their report follows.

David Wild
Chair and Executive Director
July 14, 2011

Ian McIntosh CA
Deputy Director Corporate Finance
July 14, 2011

MINISTRY OF JUSTICE AND ATTORNEY GENERAL

SASKATCHEWAN FINANCIAL SERVICES COMMISSION FUND

FINANCIAL STATEMENTS

For the Year ended March 31, 2011

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

SASKATCHEWAN

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INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Financial Services Commission, which comprise the statement of financial position as at March 31, 2011, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Financial Services Commission as at March 31, 2011, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 14, 2011

Bonnie Lysyk, MBA, CA
Provincial Auditor

Statement 1

Ministry of Justice and Attorney General
Saskatchewan Financial Services Commission Fund
Statement of Financial Position
As at March 31

	2011	2010 (Note 13)
Financial Assets		
Cash	$ 1,150	$ 1,150
Due from General Revenue Fund (Note 4)	12,921,902	8,729,343
Accounts receivable	32,470	9,146
Total financial assets	12,955,522	8,739,639
Liabilities		
Accounts payable and accrued liabilities	325,213	307,048
Dividend payable to General Revenue Fund (Note 5)	10,437,415	6,859,153
Unearned revenue (Notes 2 and 10)	1,206,471	576,895
Total liabilities	11,969,099	7,743,096
Net financial assets	986,423	996,543
Non-financial assets	-	-
Saskatchewan Financial Services Commission Fund (Statement 2)	$ 986,423	$ 996,543

(See accompanying notes to the financial statements)

Statement 2

Ministry of Justice and Attorney General
Saskatchewan Financial Services Commission Fund
Statement of Operations and Fund Balance
for the Year Ended March 31

	Annual Budget 2011	Actual 2011	Actual 2010 (9 Months)
Revenue			
Revenue (Notes 2, 8 and 9)	$ 12,500,000	$ 14,601,145	$ 10,533,779
Expenses			
Salaries	3,450,000	2,939,727	1,908,789
Travel	72,595	50,506	52,978
Contract services	229,285	463,176	283,614
Communications	5,900	5,548	4,391
Rent, supplies and services	691,760	667,122	374,848
Minor asset purchases	14,460	47,771	53,463
Total expenses	4,464,000	4,173,850	2,678,083
Annual Surplus	$ 8,036,000	10,427,295	7,855,696
Dividend to General Revenue Fund (Note 5)		(10,437,415)	(6,859,153)
Saskatchewan Financial Services Commission Fund, beginning of period		996,543	-
Saskatchewan Financial Services Commission Fund, end of period (Statement 1)		$ 986,423	$ 996,543

(See accompanying notes to the financial statements)

Statement 3

Ministry of Justice and Attorney General
Saskatchewan Financial Services Commission Fund
Statement of Changes in Net Financial Assets
for the Year Ended March 31

	2011	2010 (9 Months)
Annual Surplus	$ 10,427,295	$ 7,855,696
Dividend to General Revenue Fund (Note 5)	(10,437,415)	(6,859,153)
(Decrease) Increase in net financial assets	(10,120)	996,543
Net financial assets, beginning of period	996,543	-
Net financial assets, end of period	$ 986,423	$ 996,543

(See accompanying notes to the financial statements)

Statement 4

Ministry of Justice and Attorney General
Saskatchewan Financial Services Commission Fund
Statement of Cash Flows
for the Year Ended March 31

	2011	2010 (9 Months)
Cash Flows From Operating Activities		
Annual Surplus	$ 10,427,295	$ 7,855,696
Changes in non-cash working capital:		
Accounts receivable	(23,324)	(9,146)
Accounts payable and accrued liabilities	18,165	307,048
Unearned revenue	629,576	576,895
Cash provided by operating activities	11,051,712	8,730,493
Cash Flows From Financing Activities		
Dividend paid to the General Revenue Fund (Note 5)	(6,859,153)	-
Net Increase in Cash	4,192,559	8,730,493
Cash and cash equivalents, beginning of period	8,730,493	-
Cash and cash equivalents, end of period	$ 12,923,052	$ 8,730,493
Cash and cash equivalents consists of:		
Cash	$ 1,150	$ 1,150
Due from General Revenue Fund	12,921,902	8,729,343
	$ 12,923,052	$ 8,730,493

(See accompanying notes to the financial statements)

Ministry of Justice and Attorney General
Saskatchewan Financial Services Commission Fund
Notes to the Financial Statements
for the Year Ended March 31, 2011

1. Authority and Purpose

The Saskatchewan Financial Services Commission (the SFSC) was established under the provisions of *The Saskatchewan Financial Services Commission Act* (the SFSC Act), proclaimed in force on February 1, 2003 and as amended by the Statutes of Saskatchewan, 2007, c.M-20.1; 2009, c.27; and 2010, c.21.

The SFSC protects consumer and public interests and supports economic well-being through responsive financial marketplace regulation. The SFSC enhances consumer protection through licensing and registration, audit and compliance, market conduct, complaint handling, and enforcement activities pursuant to various provincial statutes.

The SFSC became a self operating agency effective July 1, 2009, and as a result, became directly responsible to account for its operations. To make this change, the SFSC Fund (the Fund) was established under Subsection 23.1 of the SFSC Act. All taxes, fees, moneys, fines, costs, penalties, assessments, and other charges payable pursuant to the administration of financial services legislation are deposited to the Fund. Under Subsection 23.5 of the SFSC Act, moneys in the Fund are used to pay salaries and administrative costs relating to the exercise of any powers of a financial regulator pursuant to any financial services legislation for which it is responsible.

The SFSC has four divisions to carry out its mandate.

- Securities Division – protects investors by regulating the sale of securities, without undue restrictions, to ensure that those who sell securities to investors are honest and competent, investors are provided with selling documents that contain truthful, complete, and understandable information on which to base their investment decisions, buyers and sellers have equal access to information about companies trading in the secondary markets, and those who take undue advantage of investors are held to account.

- Financial Institutions Division – regulates and supervises Saskatchewan trust, loan and finance companies, insurance companies, loan and mortgage brokers and the credit union system. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices for insurers and financial institutions duly authorized to operate in Saskatchewan.

- Pensions Division – protects Saskatchewan employees' pensions. Standards are established with respect to the structure and administration of pension plans, as well as to the investment and ongoing funding of plans. The division identifies and manages risks and problems to bolster public confidence in the pension system, while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

- Payday Loans Division – regulates payday lenders to protect payday loan borrowers while allowing for a viable payday loan industry in Saskatchewan. The division protects payday loan borrowers by ensuring borrowers receive full, true and understandable disclosure on which to base their loan decisions, by ensuring payday lenders comply with prescribed limits with respect to loan amounts and loan fees and charges, and by ensuring payday lenders deal fairly with borrowers during the administration and collection of payday loans.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants and reflect the following significant accounting principles:

(a) Revenue Recognition

(i) Fees and Other Sources of Revenue

Fees and other sources of revenue are recognized when received or receivable if the amount can be estimated and collection is reasonably assured, except as noted in (ii) below.

(ii) Unearned Revenue

The Saskatchewan Insurance Act license fees collected by the Financial Institutions Division are for five year licenses. The revenue from license fees that relate to future periods are recorded as unearned revenue, and recognized as revenue over the term of the license.

Fees received for Trust and Loan licenses and Mortgage Broker licenses are reported as revenue in the fiscal year in which the license is issued. Fees received in one fiscal period for licenses issued in the following fiscal period are treated as unearned revenue.

(b) Expenses

Expenses represent the cost of resources consumed during the period for operations.

(c) Use of Estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles appropriate for the public sector. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates. Differences are reflected in the period when they are identified.

3. Financial Instruments

The SFSC's financial instruments include due from and dividend payable to the General Revenue Fund (GRF), accounts receivable, and accounts payable and accrued liabilities. The carrying amount of these instruments approximates their fair value due to their short-term nature. These instruments have no material interest rate risk or credit risk.

4. Due from General Revenue Fund

The SFSC bank account totaling $12,921,902 is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to the Fund is calculated and paid into the account using the Government of Saskatchewan's (the Government) 30 day borrowing rate and the Fund's average daily bank account balance. For the year ended March 31, 2011, interest earned totaled $91,433. The Government's average 30 day borrowing rate in 2010-11 was 0.80%.

5. Dividend to General Revenue Fund

The Government directed the SFSC to maintain the balance of the Fund at approximately $1,000,000, to be used for exercise of any powers given to the SFSC by the SFSC Act or any other thing that the SFSC considers necessary and in the public interest to fulfill its responsibilities.

The Government also directed that the Fund's surplus in excess of $1,000,000 be paid to the GRF as a dividend.

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, ministries, agencies, boards, and commissions related to the Fund by virtue of common control by the Government, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government (collectively referred to as "related parties").

The primary substantive related party transactions incurred by the SFSC and reflected in these financial statements relate to rent expense and other services of $587,680 (2010 Nine months - $320,998) paid to the Ministry of Government Services and contracted services expense for information technology equipment and support of $181,958 (2010 Nine months - $101,841) paid to the Ministry of Information Technology Office. These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements do not reflect the costs incurred by a number of related parties on behalf of the SFSC. During the year ended March 31, 2011, the SFSC received substantial administrative services from the Ministry of Justice and Attorney General and the Ministry of Finance without charge. In addition, the SFSC received substantial administrative services from the Public Service Commission relating to human resource matters and payroll processing, also without charge.

These financial statements reflect the salary costs of the SFSC's employees, but do not reflect the costs of employee benefits incurred by the Province of Saskatchewan relating to those employees. These costs are paid by the Ministry of Finance.

7. Contractual Obligations

The SFSC has a contractual obligation for premises. The current lease expires December 31, 2012. The future minimum lease payments, in each fiscal year, are as follows:

2011/12	$ 587,000
9 months 2012/13	$ 440,000

8. Segmented Disclosure

The following schedule provides the relevant segmented disclosure by division within the SFSC with prior period comparatives:

Year ended March 31, 2011

Division	Revenues	Expenses	Income/ (Loss)
Securities Division	$11,433,724	$1,776,307	$ 9,657,417
Financial Institutions Division	2,808,852	1,291,534	1,517,318
Pensions Division	267,136	405,396	(138,260)
Payday Loans Division	-	226,693	(226,693)
Chair's Office	91,433	473,920	(382,487)
Totals	$14,601,145	$4,173,850	$ 10,427,295

Nine months ended March 31, 2010

Division	Revenues	Expenses	Income/ (Loss)
Securities Division	$ 7,886,194	$1,216,012	$ 6,670,182
Financial Institutions Division	2,582,855	919,462	1,663,393
Pensions Division	58,750	222,348	(163,598)
Payday Loans Division	-	41,570	(41,570)
Chair's Office	5,980	278,691	(272,711)
Totals	$10,533,779	$2,678,083	$ 7,855,696

Expenses relating to the operations of the SFSC incurred by certain related parties are not reflected in these financial statements. Refer to Note 6 for additional details.

9. Revenue by category within each division

Primary sources of revenue by division for the year ended March 31, 2011, are as follows:

Securities Division	**2011**	**2010 (9 Months)**
• Prospectus Fees	$ 5,943,600	$ 3,324,350
• Registration Fees	4,058,498	3,369,935
• Exemption Fees	262,212	210,901
• Continuous Disclosure Filing Fees	1,099,100	757,100
• Administrative Penalties/Costs of Investigations	61,000	217,328
• Other	9,314	6,580
Total	11,433,724	7,886,194
Financial Institutions Division		
• Unlicensed Insurance Fees	1,253,521	1,301,332
• Insurance Company Licenses	351,699	307,826
• Trust and Loan Licenses	981,475	856,277
• Mortgage Broker Licenses	207,410	41,720
• Other	14,747	75,700
Total	2,808,852	2,582,855
Pensions Division		
• Pension Plan Registration and Annual Fees	267,136	58,750
Chair's Office		
• Interest from GRF	91,433	5,980
Total revenue	**$14,601,145**	**$ 10,533,779**

10. Unearned Revenue

Unearned revenue at March 31, by revenue category is as follows:

	2011	**2010 (9 Months)**
Saskatchewan Insurance License Fees	$1,160,071	$553,170
Trust and Loan License Fees	32,000	20,125
Mortgage Broker License Fees	14,400	3,600
Total	$1,206,471	$ 576,895

11. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

12. Contingencies

The SFSC, along with others, is a defendant to a claim brought against it as a result of its operations. The SFSC believes, on advice of legal counsel, that this claim is without merit. If the court finds that the SFSC is liable on the claim, any settlement to the plaintiff would be accounted for as a charge against operations in the period in which settlement is made.

13. Comparative Information

The SFSC became a self operating agency effective July 1, 2009. As a result, comparative information is for the nine-month period from July 1, 2009 to March 31, 2010.

14. Subsequent Event

Subsequent to March 31, 2011, it was announced that effective October 1, 2011, the Consumer Protection Branch of the Ministry of Justice and Attorney General will become a division of the SFSC. The Consumer Protection Division will continue to operate as a regulatory body investigating consumer complaints, answering consumer inquiries, providing advice and direction to the public on how to resolve complaints, educating consumers and businesses on their rights and responsibilities, and conducting compliance audits of licensees.